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C O N F I D E N T I A L SECTION 01 OF 02 TEGUCIGALPA 000866

SIPDIS

E.O. 12958: DECL: 09/16/2018

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SUBJECT: PRESIDENT ACCEPTS COPIES OF CREDENTIALS

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Classified By: Ambassador Hugo Llorens, reasons 1.4 (b & d)

¶1. (C) Summary. The Ambassador's credentials were received by President Zelaya in a ceremony at the Presidential Palace September 19, followed by a meeting with the President and his ministers, a private meeting between the President and Ambassador, and then remarks to the press by the Ambassador, to which he was accompanied by the President. President Zelaya used the meetings to apologize for his postponing of the credentialing and to reaffirm his strong commitment to the U.S.-Honduran relationship, including his high regard for President Bush. He used his only remark at the press conference to reaffirm the importance of the U.S.-Honduran relationship. The Ambassador stressed the importance of the relationship in both his private and public remarks. End summary.

¶2. (C) The Ambassador's credentials were received by President Zelaya in a formal ceremony in the Morazan Room at the Presidential House on September 29. Preceded by the quick acceptance of the Spanish Ambassador's credentials (the only other ambassador to present that day), the ceremony began promptly with the playing of the Star Spangled Banner. The Ambassador, accompanied by DCM, approached the President, presented his credentials, and then sat with him for five minutes in ceremony chairs. The President then asked the Ambassador and DCM to join him and some of his ministers and advisors for a discussion after the ceremony.

¶3. (C). The post-ceremony discussion took place in the President's official office and was attended by the President, Ambassador, DCM, Minister of Finance, Presidential Secretary, and Acting Minister of Foreign Affairs. The President's son and daughter joined part way through the meeting and were introduced to the Ambassador by the President. The President presented a list of subjects that he wished to discuss; the President and his ministers and advisors took turns presenting the issues:

- Millennium Challenge Corporation: Its projects are doing well; they are looking forward to a year of increased activity. The Ambassador used the opportunity to urge passage of the Transparency Law on government projects.
- CAFTA and Melons: Importance of greater agricultural trade and concern over sanitary issues, particularly with Honduran

melons. The Ambassador stressed the importance of ensuring sanitary standards.

- Oil Multinationals: The President's concern with the effects of oil prices on Honduras and his attempts to control the price. The Ambassador noted that oil companies felt that they were losing their profit margin and suggested that the Embassy could facilitate dialogue between the companies and Honduras.

- TPS: The importance for Honduran society and economy of a TPS extension. The Ambassador stated that extension was a decision of President Bush's and would be made in the coming months.

- Soto Cano: The President said he was committed to maintaining U.S. use of the base while seeking to build a civilian terminal there. The Ambassador said that the decision to build a civilian terminal was a Honduran decision, but urged that proper planning and studies be carried out and that a facility fully meet international aviation standards.

- ALBA: Honduras would make no/no military commitments under ALBA; it was a poor country that appreciated aid for the U.S. and other international donors, but felt that it needed to seek any opportunity for aid that it could. The Ambassador spoke of how insults by Chavez against the U.S. while in Honduras could damage Honduras' image in the U.S.

14. (C) Following the session with the Ministers, President Zelaya asked the Ambassador to his private working office to continue the discussion one-on-one. Zelaya opened by apologizing personally for the postponement of credentials. He said he had been put in an extremely difficult position early in the morning hours of the 12th "as the crisis between the U.S. and Bolivia broke." He faced intense pressure from Chavez and Morales to not receive the U.S. Ambassador with all of the pomp and ceremony befitting a credentialing

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ceremony in the midst of the crisis. He said he made the decision to postpone the ceremony for a few days and mentioned that most Ambassadors wait weeks or months to get credentialed. The Ambassador responded that he did not take the postponement personally and agreed that presenting credentials within a week was fast. However, the Ambassador added that the decision had caused great concern in Washington since it suggested that Honduras, a long standing U.S. ally, was taking sides against the U.S. and in support of its ALBA partners. The Ambassador added that the United States had not tried to interfere with Honduras, relations with other countries and did not appreciate Honduras getting in the middle of issues that involved the U.S. with other countries. The Ambassador briefed Zelaya on the circumstances surrounding the expulsion of Ambassador Goldberg and stressed that under no/no circumstances was the U.S. or the Ambassador attempting to destabilize Bolivia.

15. (C) Zelaya moved on insisting that Honduras was an ally of the United States. Honduras appreciated all of the support it received from the U.S. However, he said that he was the President of a poor country that needed help and that he would not reject economic support and assistance from other countries such as Venezuela. He cited the Petrocaribe loan arrangement for the purchase of fuel as a virtual gift, which he would be foolish to reject. He also said that ALBA was of importance to Honduras politically and entailed no military commitments, but it did provide the funding of numerous development projects at a time when the budget situation was very difficult.

16. (C) Zelaya said that he admired and respected President Bush. He said President Bush was a statesman and visionary on immigration and lamented that the President's immigration bill was not approved by Congress. He also said that President Bush had been a great friend of Central America and Honduras through his support for CAFTA. Zelaya said he was looking forward to participating in the Pathway to Prosperity meetings in New York and that he would be a positive and

constructive participant in the sessions with the other heads of state.

17. (C) In closing Zelaya said that one way to ease bilateral tensions was if the new U.S. Ambassador would adopt a slightly less public role focused on the promotion of U.S. interests and avoid commenting on all issues involving Honduras. The Ambassador assured Zelaya that he would work hard to strengthen relations and carry out U.S. diplomacy with full respect for Honduras.

18. (U) President Zelaya then accompanied the Ambassador as he made brief remarks to the press and took three questions, on TPS, the delay of his credentialing, and whether or not he would be "looking for problems" in Honduras to exploit. The Ambassador repeated his earlier statements on TPS, said that the credentialing delay was "water under the bridge," and added that his instructions from President Bush and Secretary Rice were to seek close and friendly relations with Honduras and Zelaya's administration.

19. (C) Today the Hondurans clearly tried very hard to make for the credentialing fiasco of September 12. The organization was solemn and dignified; President Zelaya showed great respect for the Ambassador and expressed his admiration for President Bush. Zelaya also took the unprecedented of inviting the Ambassador and his DCM for substantive policy review, stressing his keen interest in personally working the issues with us. Finally, President Zelaya made a public point of attending the Ambassador's press conference, emphasizing the importance of the bi-lateral relationship. Zelaya's postponement of the first credentialing date, in order to express "solidarity" with Bolivia, paradoxically pushed him back towards the U.S. as he realized both the domestic political and bi-lateral consequences of threatening Honduras' relationship with the U.S.  
LLORENS